

**CALENDAR ITEM
C96**

A 34

06/23/11
WP 2702.2
J. Porter

S 18

GENERAL LEASE - RIGHT-OF-WAY USE

APPLICANT:

CALNEV Pipe Line, LLC
1100 Town & Country Road
Orange, CA 92868

AREA, LAND TYPE, AND LOCATION:

4.04 acres, more or less, of State school lands located in Tract 37, Township 16 North, Range 11 East, and Section 16, Township 16 North, Range 13 East, SBM, near Valley Wells, San Bernardino County.

AUTHORIZED USE:

Continued use and maintenance of one existing 8-inch diameter underground petroleum pipeline and one 14-inch diameter underground petroleum pipeline.

LEASE TERM:

25 years, beginning March 7, 2010.

CONSIDERATION:

\$1,548 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability insurance in the amount of no less than \$10,000,000.

Bond:

\$3,000,000

OTHER PERTINENT INFORMATION:

1. On March 7, 1961, the Commission authorized a pipeline right-of-way easement to CALNEV Pipe Line Company for a term of 49 years. That easement expired on March 6, 2010. CALNEV Pipe Line LLC, the successor in interest to CALNEV Pipe Line Company, is now applying for a new General Lease – Right-of-Way Use.

CALENDAR ITEM NO. **C96** (CONT'D)

2. The lease premises contain one existing 8-inch diameter underground petroleum pipeline and one 14-inch diameter underground petroleum pipeline previously authorized by the Commission. No additional improvements will be constructed on the lease premises.
3. In 2004, a leak occurred in a section of one of the Applicant's pipelines. However, the leak was not on the State's property and was quickly repaired. This pipeline falls within the jurisdiction of the U.S. Department of Transportation, which has authority over intrastate petroleum pipelines. The ongoing clean-up and site mitigation, continues to be monitored under the supervision of the Environmental Protection Agency. Staff has reviewed current pipeline safety and testing data, and has determined that the Applicant is in compliance with current safety and testing procedures and standards.
4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905(a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

5. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370, et seq. However, the Commission has declared that all lands are "significant" by nature of their public ownership (as opposed to "environmentally significant"). Since such declaration of significance is not based on the requirements and criteria of Public Resources Code section 6370, et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by Title 2, California Code of Regulations, section 2954 is not applicable.

EXHIBITS:

- A. Location and Site Map
- B. Land Description

CALENDAR ITEM NO. **C96** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15061 as a categorically exempt project, Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

AUTHORIZATION:

Authorize Issuance of a General Lease – Right-of-Way Use to CAL NEV Pipe Line, LLC, beginning March 7, 2010, for a term of 25 years, for the continued use and maintenance of one existing 8-inch diameter underground petroleum pipeline and one 14-inch diameter underground petroleum pipeline, as shown on Exhibit A (for reference purposes only) and as described on Exhibit B, both Exhibits attached and by this reference made a part hereof; annual rent in the amount of \$1,548 with the State reserving the right to fix a different rent periodically during the lease term as provided in the lease; liability insurance with coverage of no less than \$10,000,000, and surety in the amount of \$3,000,000.